

Message Text

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TO AMEMBASSY MEXICO

UNCLAS STATE 011651

FOLLOWING REPEAT IAEA VIENNA 0397 ACTION SECSTATE

INFO AEC GERMANTOWN JAN. 16,

QUOTE

UNCLAS IAEA VIENNA 0897

EEEEO: 11652: N/A

TAGS: TECH, IAEA, MX, US

SUBJ: NUCLEAR FUEL SUPPLY FOR MEXICAN POWER REACTOR

REF: IAEA VIENNA 9240

FOLLOWING IS FULL TEXT (EXCEPT AS SPECIFIED) OF PRELIMINARY DRAFT
SUPPLY AGREEMENT BETWEEN MEXICO, IAEA AND U.S., PREPARED BY AGENCY
LEGAL DIVISION STAFF AND SUBMITTED FOR U.S. COMMENT. MISSION DIS-
CUSSION WITH SECRETARIAT OFFICIALS SEPTEL.

BEGIN QUOTE. WHEREAS THE GOVERNMENT OF THE UNITED MEXICAN STATES
(HEREINAFTER CALLED "MEXICO"), DESIRING TO SET UP A NUCLEAR POW-
ER PROJECT CONSISTING IN THE FIRST STAGE OF A BOILING WATER REAC-
TOR WITH A RATED GENERATING CAPACITY OF 650 MW(E), HAS REQUESTED
THE ASSISTANCE OF THE INTERNATIONAL ATOMIC ENERGY AGENCY (HEREIN-
AFTER CALLED THE "AGENCY") IN SECURING, AMONG OTHER THINGS, THE
SUPPLY OF URANIUM ENRICHMENT SERVICES FOR THE PROJECT DURING THE
LIFETIME OF THE REACTOR;

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WHEREAS MEXICO DESIRES TO OBTAIN SUCH SERVICES FROM THE UNITED

STATES ATOMIC ENERGY COMMISSION (HEREINAFTER CALLED THE "COMMISSION");

WHEREAS THE COMMISSION IS WILLING TO PROVIDE SUCH SERVICES THROUGH THE AGENCY, PURSUANT TO THE AGREEMENT FOR CO-OPERATION BETWEEN THE AGENCY AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA AS AMENDED (HEREINAFTER CALLED THE "CO-OPERATION AGREEMENT"), AND UNDER THE TERMS AND CONDITIONS PARTICULARLY SET FORTH IN A LONG-TERM, FIXED COMMITMENT CONTRACT TO BE CONCLUDED BETWEEN THE COMMISSION AND THE MEXICAN FEDERAL ELECTRICITY COMMISSION ACTING ON BEHALF OF MEXICO (HEREINAFTER CALLED THE "LONG-TERM CONTRACT"); AND

WHEREAS THE BOARD OF GOVERNORS OF THE AGENCY APPROVED THE PROJECT ON 1974, AND THE AGENCY AND MEXICO ARE THIS DAY CONCLUDING AN AGREEMENT FOR THE PROVISION BY THE AGENCY OF THE ASSISTANCE REQUESTED BY MEXICO (HEREINAFTER CALLED THE "PROJECT AGREEMENT");

NOW, THEREFORE, THE AGENCY, THE COMMISSION ACTING ON BEHALF OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND MEXICO HEREBY AGREE AS FOLLOWS:

ARTICLE I

SUPPLY OF URANIUM ENRICHMENT SERVICES THROUGH LONG-TERM, FIXED-COMMITMENT CONTRACT

1. SUBJECT TO THE PROVISIONS OF THE CO-OPERATION AGREEMENT, THE COMMISSION SHALL FURNISH TO THE AGENCY FOR MEXICO AND MEXICO SHALL PURCHASE, DURING THE PERIOD OF THIS AGREEMENT, CERTAIN URANIUM ENRICHMENT SERVICES IN CONNECTION WITH THE OPERATION OF THE NUCLEAR POWER PLANT OF LAGUNA VERDE, UNIT 1, IN THE STATE OF VERACRUZ.

2. THE PARTICULAR TERMS AND CONDITIONS, INCLUDING CHARGES AND ADVANCE PAYMENT, FOR THE SUPPLY OF SUCH ENRICHMENT SERVICES SHALL BE SPECIFIED IN THE LONG-TERM CONTRACT IN CONJUNCTION WITH THIS AGREEMENT. AS PROVIDED FOR THEREUNDER, THE COMMISSION AND MEXICO SHALL AGREE UPON (A) A SCHEDULE OF ENRICHMENT SERVICES SPECIFYING THE NUMBER OF UNITS OF SEPARATIVE WORK TO BE FURNISHED BY THE COMMISSION AND PURCHASED BY MEXICO DURING THE INITIAL FIRM PERIOD FROM THROUGH; AND (B) A MATERIAL SCHEDULE SPECIFYING THE QUANTITIES (KGU), ASSAYS (WEIGHT PERCENT U-235) AND TIMES OF DELIVERIES OF MATERIAL OTHER THAN NATURAL URANIUM PROPOSED TO BE DELIVERED BY MEXICO, AND OF ENRICHED URANIUM PROPOSED TO BE DELIVERED BY THE COMMISSION UPON PERFORMANCE OF THE ENRICHMENT

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SERVICES FOR THE INITIAL FIRM PERIOD. BOTH SCHEDULES SHALL BECOME A PART OF THE LONG-TERM CONTRACT.

ARTICLE II

PAYMENT

1. MEXICO SHALL PAY THE COMMISSION ALL CHARGES FOR ENRICHMENT SERVICES PROVIDED HEREUNDER, INCLUDING OTHER CHARGES CONNECTED THEREWITH AND ADVANCE PAYMENT THEREFOR, IN ACCORDANCE WITH THE

PROVISIONS OF THE LONG-TERM CONTRACT.

2. IT IS RECOGNIZED THAT IN EXTENDING ITS ASSISTANCE FOR THE PROJECT THE AGENCY IS NOT HEREUNDER PROVIDING ANY GUARANTEES OR ASSUMING ANY FINANCIAL RESPONSIBILITY IN CONNECTION WITH THE SUPPLY OF ENRICHMENT SERVICES BY THE COMMISSION TO MEXICO.

ARTICLE III

DELIVERY-TITLE

1. ALL MATERIAL DELIVERED OR RETURNED TO MEXICO HERE-UNDER AND PURSUANT TO THE PROVISIONS OF THE LONG-TERM CONTRACT SHALL BE DELIVERED TO THE AGENCY FOR MEXICO AT A PORT OF EXPORT IN THE UNITED STATES OF AMERICA, TO BE DESIGNATED BY THE COMMISSION AFTER CONSULTATION WITH THE AGENCY AND MEXICO. TITLE TO SUCH MATERIAL SHALL PASS TO THE AGENCY AND IMMEDIATELY THEREAFTER TO MEXICO UPON DELIVERY AT SUCH PORT OF EXPORT. MEXICO SHALL ACCEPT POSSESSION OF THE MATERIAL AT SUCH PORT OF EXPORT AND SHALL FORWARD APPROPRIATE RECEIPT THEREFOR TO THE AGENCY.

2. ALL MATERIAL DELIVERED OR RETURNED TO THE COMMISSION HEREUNDER AND PURSUANT TO THE PROVISIONS OF THE LONG-TERM CONTRACT SHALL BE DELIVERED TO THE COMMISSION, AT THE COMMISSION FACILITY OR FACILITIES TO BE DESIGNATED BY THE COMMISSION. TITLE TO SUCH MATERIAL SHALL PASS TO THE COMMISSION UPON DELIVERY AT SUCH FACILITY OR FACILITIES.

ARTICLE IV

RESPONSIBILITY

1. NEITHER THE UNITED STATES, NOR THE COMMISSION, NOR ANY PERSON ACTING ON BEHALF OF THE COMMISSION SHALL BEAR ANY RESPONSIBILITY FOR THE SAFE HANDLING AND USE OF MATERIALS DELIVERED PURSUANT TO SECTION 1 OF ARTICLE III.

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2. NEITHER THE AGENCY NOR ANY PERSON ACTING ON ITS BEHALF SHALL AT ANY TIME BEAR ANY RESPONSIBILITY TOWARDS MEXICO OR ANY PERSON CLAIMING THROUGH MEXICO FOR THE SAFE HANDLING AND THE USE OF SUCH MATERIALS.

ARTICLE V

OFFICIALS NOT TO BENEFIT

NO MEMBER OF THE CONGRESS OF THE UNITED STATES OF AMERICA OR RESIDENT COMMISSIONER OF THE UNITED STATES OF AMERICAN SHALL BE ADMITTED TO ANY SHARE OR PART OF THIS AGREEMENT, OR TO ANY BENEFIT THAT MAY ARISE THEREFROM.

ARTICLE VI

TERMINATION-SUSPENSION-AMENDMENT

1. PRIOR TO TERMINATION OR SUSPENSION OF THE LONG-TERM CONTRACT

AS PROVIDED FOR THEREUNDER, THE COMMISSION AND MEXICO SHALL, UPON REASONABLE WRITTEN NOTICE TO THE AGENCY, NOTIFY THE AGENCY OF THE DATE ON WHICH SUCH TERMINATION OR SUSPENSION SHALL BECOME EFFECTIVE. THIS AGREEMENT SHALL THEREUPON BE TERMINATED OR SUSPENDED WITHOUT PREJUDICE TO THE IMPLEMENTATION OF THE RIGHTS AND RESPONSIBILITIES OF THE AGENCY UNDER THE PROJECT AGREEMENT.

2. IN THE EVENT THE LONG-TERM CONTRACT IS AMENDED AS PROVIDED FOR THEREUNDER, THE COMMISSION AND MEXICO SHALL, BY A WRITTEN NOTICE TO THE AGENCY, NOTIFY THE AGENCY OF THE PROPOSED AMENDMENT OR AMENDMENTS. AT THE REQUEST OF EITHER PARTY TO THIS AGREEMENT, THE PARTIES SHALL CONSULT EACH OTHER ON CORRESPONDING AMENDMENTS TO THIS AGREEMENT AS APPROPRIATE.

ARTICLE VII

SETTLEMENT OF DISPUTES

(TEXT DESCRIBING DISPUTE MECHANISM ESSENTIALLY IDENTICAL WITH THAT CURRENTLY USED IN US-IAEA-THIRD COUNTRY SUPPLY AGREEMENTS.

ARTICLE VIII

ENTRY INTO FORCE - DURANTION

THIS AGREEMENT SHALL ENTER INTO FORCE UPON SIGNATURE BY OR FOR THE DIRECTOR GENERAL OF THE AGENCY AND BY THE AUTHORIZED REPRESENTATIVES OF THE COMMISSION AND MEXICO, AND SHALL REMAIN IN FORCE FOR A PERIOD OF THIRTY THREE (33) YEARS. END QUOTE.PORTER

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